

Message Text

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12

ACTION EA-09

INFO OCT-01 ISO-00 EB-07 USIA-15 /032 W
----- 120295

R 230910Z JAN 76
FM AMEMBASSY JAKARTA
TO USDOC WASHDC
SECSTATE WASHDC 2331
INFO AMEMBASSY SINGAPORE
AMCONSUL MEDAN
AMCONSUL SURABAYA

UNCLAS SECTION 1 OF 2 JAKARTA 1011

EO 11652: NA
TAGS: BEXP ID
SUBJECT: COUNTRY COMMERCIAL ACTION GROUP (CCAG)
SECOND QUARTER FY 76 CCP REPORT

REF: 75 JAKARTA 13683, 75 STATE A-7369,
75 STATE A-7008, 75 USDOC 14072,
STATE 7594

SUMMARY: CCAG MET WEDNESDAY, JANUARY 14 TO REVIEW SECOND
QUARTER FY 76 CCP PROGRESS AND DICUSS FY 77 CCP PROGRAM.
CCAG FOUND FY 76 PROGRAM GENERALLY ON TRACK WITH ONLY
MINOR ACTIVITIES FALLING BEHIND MAMAGEMENT-BY-EXCEPTION
CRITERIION OF "CANNOT BE BROUGHT ON TARGET WITHIN FOLLOWING
QUARTER". HOWEVER, NUMBER OF UNCONTROLLABLE OUTSIDE
FACTORS THREATEN THROW PROGRAM OFF TRACK LATER IN YEAR;
THUS CCAG BELIEVES SOME PORTIONS OF FY 76 CCP SHOULD BE
REVISED CONCURRENTLY WITH FY 77 CCP DRAFTING EXERCISE.
CCAG REVIEWED LIST OF POSSIBLE FY 77 CCP THEMES AND LEARNED
E/CM HOPES BE ABLE CABLE USDOC VERY ROUGH OUTLINE OF
FY 77 CCP PROGRAMMED ACTIVITIES BEFORE END OF JANUARY
WCAG REVIEW OF FIRST QUARTER PERFORMANCE (STATE 12844)
ARRIVED FOLLOWING CCAG MEETING AND WAS THEREFORE NOT RPT
NOT DISCUSSED. END SUMMARY.

1. UNFORESEEN TIMING PROBLEMS CONNECTED WITH THE
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"LEADER GRANTEE" PROGRAM AND PROCEDURAL PROBLEMS WITH ANNEX C

WOOD PROCESSING CAMPAIGN ACCOUNT FOR VIRTUALLY ALL REPORTABLE DELAYS ENCOUNTERED THUS FAR IN FY 76 CCP.

2. ANNEX A AND C CAMPAIGNS BOTH CALL FOR NOMINATION OF "LEADER GRANTEES" PRIOR DECEMBER 31, 1975. HOWEVER, POST INTERNATIONAL VISITOR (IV) GRANTEE NOMINATIONS FOR FY 76 WERE ALREADY COMPLETED AND APPROVED BY MISSION EXCHANGES COMMITTEE ON AUGUST 15, 1975. WITH NO ADDITIONAL IV GRANTS EXPECTED THIS YEAR AND POST WAITING LIST ALREADY ESTABLISHED, NEXT POSSIBLE OPPORTUNITY FOR E/CM NOMINATE IV GRANTEES WILL BE JUNE 1976. AS SUBSTITUTE MEASURE E/CM ACTIVELY ASSISTING PNP XVI SUGAR STAFF PLAN SELF-FINANCED VISIT TO HAWAII ALONG LINES SUGGESTED ANNEX A. THUS ONLY ANNEX C "LEADER GRANTEE" NOMINATION REQUIREMENT WILL NOT RPT NOT BE MET WITHIN CCP TIMETABLE.

3. SEVERAL OPERATIONAL FACTORS (LATE RECEIPT WASHINGTON CONTRACTING INSTRUCTION, SUBSTANTIALLY REDUCED DOLLAR AUTHORIZATION, AND ADDITIONAL REQUIREMENT THAT EMBASSY PREPARE SPECIFICATIONS) PREVENTED TIMELY COMPLETION ANNEX C SEPTEMBER 30 ACTION CALLING FOR SIGNING OF MARKET RESEARCH CONTRACT. EMBASSY THEREFORE GREATLY WELCOMES USDOC CONCURRENCE (STATE 12849) IN EMBASSY RECOMMENDATION THAT WOOD CONTRACT SURVEY BE INCLUDED IN COMPREHENSIVE MARKET SURVEY USDOC NOW PREPARING FOR INDONESIA. EMBASSY ALSO AGREES THAT CONTRACT SURVEY ON LOGGING EQUIPMENT (ANNEX C MARCH 31, 1976 ACTION 3) SHOULD ALSO BE FOLDED INTO COMPREHENSIVE SURVEY AND THAT ANNEX C TIMETABLE BE APPROPRIATELY MODIFIED.

4. INDONESIAN TIMBER INDUSTRY SALES AND PURCHASE MISSION DELAYED VISIT TO U.S. UNTIL OCTOBER-NOVEMBER 1975; THUS EVALUATION CALLED FOR PRIOR SEPTEMBER 30, 1975 CAN ONLY NOW BE GIVEN. EMBASSY EVALUATION IS THAT INDONESIAN MISSION FOUND ATTRACTIVE U.S. SALES POTENTIAL FOR THEIR FOREST PRODUCTS AND WERE VERY INTERESTED IN OBTAINING US PROCESSING FACILITIES, PARTICULARLY US SAW MILLS AND PLYWOOD FACTORIES. HOWEVER, INDONESIAN MISSION UNSUCCESSFULLY SOUGHT MEDIUM-SIZED US FOREST PRODUCTS FIRMS TO JOINT UNCLASSIFIED

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VENTURE WITH INDONESIAN PARTNERS IN SUCH PROCESSING INVESTMENTS. USIS NOW ASSISTING INDONESIAN NATIONAL TELEVISION COMPANY (TVRI) IN PREPARING FILM ON MISSION'S VISIT TO US AND ON POTENTIAL TWO-WAY TRADE INDONESIAN FOREST PRODUCTS VICE US PROCESSING MACHINERY AND EQUIPMENT. FILM WILL BE SHOWN IN INDONESIAN T.V. AND BECOME PART OF OTHER CCP ANNEX C CAMPAIGN PROMOTIONAL EFFORTS.

5. STATE 12844, APRA 5 AND 6 GUIDANCE WILL ENABLE ANNEX C CAMPAIGN MANAGER COMMENCE EMBASSY ACTIONS APPARENTLY NECESSARY TO FULFILLMENT REQUIREMENT NO. 3 ORIGINALLY SCHEDULED BY SEPTEMBER 30, 1975 (ASSEMBLY OF PROMOTIONAL MATERIALS).

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ACTION EA-09

INFO OCT-01 ISO-00 EB-07 USIA-15 /032 W
----- 120620

R 230910Z JAN 76
FM AMEMBASSY JAKARTA
TO USDOC WASHDC
SECSTATE WASHDC 2332
INFO AMEMBASSY SINGAPORE
AMCONSUL MEDAN
AMCONSUL SURABAYA

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6. WHILE FY 76 CCP THUS CURRENTLY ON TARGET WITH ONLY MINOR VARIATIONS, EMBASSY APPREHENSIVE RE ABILITY MAINTAIN SCHEDULE LATER IN YEAR DUE SEVERAL FACTORS NOW EMERGING. WORLD-WIDE RECESSION HAS HAD DAMPENING AND DELAYING EFFECT ON INDUSTRIAL/COMMERCIAL DEVELOPMENTS ANTICIPATED BY CCP, ESPECIALLY IN INDONESIAN FOREST PRODUCTS SECTOR, PERTAMINA FINANCIAL CRISIS IS HAVING BRAKING EFFECT ON GOI THINKING RE LAUNCHING OF NEW PRODUCTS REQUIRING MAJOR ADDITIONAL BORROWING; THEREFORE WE EXPECT GOI WILL CONCENTRATE ON PROJECTS NOW IN PROCESSING PIPELINE RATHER THAN INITIATING ENTIRELY NEW PROJECTS (E.G. FAIRLY ADVANCED FIRST GROUP SIX "ON JAVA" NEW GOI SUGAR MILLS WILL PROBABLY BE FINANCED AND EXECUTED BUT SCHEDULE FOR DEVELOPMENT SECOND PHASE GROUP SIX "OFF JAVA" SUGAR PROJECTS LIKELY WILL BE STRETCHED INTO 1977 OR BEYOND).

7. MEANWHILE AS ABOVE DEVELOPMENTS SUGGEST NEED MODERATE PACE OF SOME CCP CAMPAIGNS AND PROMOTIONAL EFFORTS, PROPOSED USDOC COMPREHENSIVE MARKET SURVEY WILL MODERATELY INCREASE E/CM WORKLOAD WHILE AT SAME TIME OFFERING STRONG INDUCEMENT

POSTPONE MAJOR PROMOTIONAL FORWARD PLANNING UNTIL SURVEY RESULTS ARE IN HAND. FINALLY, AND PERHAPS MOST IMPORTANTLY, MANY SIGNS NOW POINT TO SEVERE E/CM PERSONNEL GAP DURING MONTHS OF JUNE AND JULY, WITH AT LEAST FOUR AND PERHAPS FIVE, E/CM OFFICERS LEAVING POST ABOUT JUNE, UNCLASSIFIED

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AND ONLY ONE REPLACEMENT EXPECTED ARRIVE WITHIN ONE MONTH OF PREDECESSOR'S DEPARTURE. IF DEPARTING OFFICERS DEVOTE NORMAL 30-60 DAY LEADE TIME TO PREDEPARTURE PREPARATIONS AND WRAP UP WORK, AND IF PROBABLE ONE TO THREE MONTH GAP FOLLOWS DEPARTURE, E/CM WILL BE HARD PRESSED EVEN BY WORKLOAD INVOLVED HANDLING COMPHREHENSIVE SURVEY AND NORMAL BUSINESS SERVICES.

8 TO MEET ABOVE PROBLEMS AND REDEFINE WOOD PROCESSING CAMPAIGN, CCAG PROPOSES PREPARE NEW WOOD PROCESSING AND MATERIALS HANDLING CAMPAIGNS DESIGNED OVERLAP FY 76 AND FY 77 CCPS. CCAG ALSO PROPOSES DELETE LAST CLAUSE SECTION 3.2 FY 76 CCP (" AND DATE COLLECTION WHICH WILL STRENGTHEN EMBASSY LINKS TO INDONESIAN AGENTS AND DISTRIBUTORS") SINCE FY 76 COMMERCIAL BUDGET FAILED PROVIDE REQUESTED CONTRACT FUNDS NECESSARY TO FREE E/CM STAFF FOR EXECUTION SECTION 3.2.

9. RATIONALE FOR RECASTING WOOD PROCESSING CAMPAIGN GOES BEYOND DELAYS DISCUSSED STATE 12844 AND ABOVE. SUCH DELAYS IN PRELIMINARY GROUND WORK WILL ALSO HAVE ADVIERS IMPACT ON TIMETABLE FOR LATER ACTIONS PLANNED IN CAMPAIGN, PARTICULARLY PROPOSED USIA FILM SHOWING AND SEMINAR. MOREOVER, IN E/CM VIEW, CAMPAIGN CONTENT NOW EXCESSIVELY ORIENTED TOWARD CONSERVATION, ECOLOGY AND HIGH TECHNOLOGY FACTORS HAVING LITTLE COMMERCIAL RELEVANCE IN INDONESIA. FINAALY, E/CM WISHES ADJUST LANGUAGE OF ANNEX C ACTION 1 (DECEMBER 31, 1976) WHICH APPARENTLY CONVEYED TO WASHINGTON (PARA 4 STATE 12844 AND PARA 2 USDOC 14072) MISTAKEN IMPRESSION THAT EMBASSY ALREADY PREDETERMINED THAT USG-LED INDUSTRY VISIT SHOULD BE FO MEPD TYPE. EMBASSY HAD NO RPT NO INTENTION MAKE SUCH DETERMINATION UNTIL MARKET RESEARCH RESULTS ANALYZED AND CAMPAIGN HAD OPPORTUNITY PROBE MORE DEEPLY INTO MARKET STRUCTURE AND KEY DECISION VARIABLES, WE IN FACT NOW INCLINED BELIEVE OIM TYPE TRADE MISSION OR SEMINAR PROBABLY MORE APPROPRIATE THAN MEPD VISIT DUE PROBABLE NEED REACH LARGE NUMBER INDIVIDUAL DECISION MAKER/CUSTOMERS NO RPT NO ONE OF WHOM ALONE OFFERS HUG OPPORTUNITY APPROACHING THAT POSED BY GROUP AS WHOLE.

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10. IN ADDITION TO FY 77 CAMPAINGNS ON MATERIALS HANDLING (WITH MINING EQUIPMENT) AND WOOD PROCESSING, CCAG LEARNED THAT E/CM PLANS INCLUDE IN FY 77 CCP AN EXTENDED SUGAR CAMPAIGN PLUS FOLLOWING NON-CAMPAING PROGRAMMED ACTIVITIES: A) STRONG MAJOR PROJECTS COMPONENT COMPARABLE FY 76 CCP SECTION 4.1, B) NEW AGRIBUSINESS CONCENTRATION PERSUANT 75 STATE A-7008, C) REGIONAL COMPUTERIZATION OF TOPS ACTIVITY IN COOPERATION WITH AMCHAM, AND D) EMPHASIS ON FURTHER DEVELOPMENT OF EXIM PROGRAMS HERE, PARTICULARLY FCIA,CFF, AND OTHER NON-DIRECT LOAN PROGRAMS.

11. SEPTELS WILL DEAL WITH OTHER STATE 12844 SUGGESTED POST ACTIVITIES.
RIVES

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Message Attributes

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Decaption Date: 01 JAN 1960
Decaption Note:
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Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
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Enclosure: n/a
Executive Order: N/A
Errors: N/A
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Margaret P. Grafeld
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